

Message Text

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ACTION SWF-02

INFO OCT-01 IO-14 AGR-20 RSC-01 AID-20 EB-11 COME-00 ISO-00

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FODAG

E.O. 11652: N/A

TAGS: EAGR, FAO

SUBJECT: WFC -- DISCUSSION WITH PIZZUTI, DEPUTY-DIRECTOR

AGRICULTURE DEPARTMENT OF EC ON RESERVE IDEA

FROM AMBASSADOR EDWIN M. MARTIN

1. AT HIS REQUEST, SPENT HOUR TODAY WITH PIZZUTI, DEPUTY
DIRECTOR AGRICULTURAL DEPARTMENT EC ON RESERVE IDEA. IT
WAS DIFFICULT CONVERSATION AND I AM NOT SURE I UNDERSTOOD ALL THAT
WAS BOTHERING HIM. AM SURE PROBLEMS NOT PRIMARILY LINGUISTIC.

2. DESPITE SPECIFIC QUESTIONING, AM NOT SURE TO WHAT
EXTENT HIS POSITION WAS ONE OF COMMISSION OR INCLUDED AT
LEAST COMMISSION VIEW OF ATTITUDES OF MEMBER GOVERNMENTS.

3. BASIC STANCE WAS OPPOSITION TO ANY REFERENCE TO RESERVE
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ARRANGEMENTS AT WFC GOING BEYOND ENDORSEMENT OF BOERMA

UNDERTAKING, INDICATED EVEN GOING THAT FAR WOULD BE DIFFICULT FOR SOME GOVERNMENTS AND WOULD TAKE PRESSURE FROM COMMISSION. THOUGHT IT WOULD BE IMPOSSIBLE GET AGREEMENT TO GO BEYOND THIS BEFORE NOVEMBER.

4. HE SAW NO URGENT NEED FOR RESERVES OR FOR EARLY DECISION TO NEGOTIATE ABOUT THEM. SAID PROBLEMS WERE PRODUCTION PLANNING AND MARKET STABILIZATION RATHER THAN STOCK BUILDING. SEEMED SURPRISED AT IDEA WEATHER COULD NOT ALWAYS BE COUNTED ON TO PERMIT ADEQUATE SUPPLIES, EVEN IN LIGHT OF DEVELOPMENTS THIS YEAR. COULD NOT SEEM TO GRASP THAT ADEQUATE HELP FOR INDIA THIS YEAR WAS MATTER OF AVAILABILITY OF GRAIN SUPPLIES RATHER THAN HELP TO PRODUCTION.

5. ALSO FELT DECISION TO BUILD RESERVES COULD EASILY BE POSTPONED AND ONLY ADDRESSED WHEN IN SEVERAL YEARS SURPLUSES BECAME AVAILABLE. I SUGGESTED MUCH HARDER TO CONCLUDE DIFFICULT NEGOTIATIONS WHEN NO LONGER UNDER PRESSURE OF NO RESERVES. I ALSO SUGGESTED THAT IN ABSENCE OF SCHEME TO SHARE RESERVE LOAD WHEN SURPLUSES BECAME AVAILABLE US LEGISLATIVE PRESSURE FOR US RESERVES AND TIGHT EXPORT CONTROL REQUIREMENTS WOULD BE ENCOURAGED.

6. HE THEN SAID THAT EARLIEST TIME FOR CONSIDERATION OF IDEA OF RESERVE SCHEME WOULD BE IN MTN IN FRAMEWORK OF PRODUCTION PLANNING AND PRICE STABILIZATION MEASURES RATHER THAN WITH RESERVES AS MAJOR OBJECTIVE. SEEMED ANXIOUS TO BE ASSURED THAT WE SAW PROBLEM PRIMARILY IN THESE TERMS RATHER THAN AS ESSENTIALLY TO MEET NEED FOR RESERVES. HE PROBABLY WISHES GET ASSURANCES ON THIS BEFORE AGREEING TO NEGOTIATE AND BELIEVES THIS CAN'T BE DONE EXCEPT AS PART OF MTN NEGOTIATION. HE MORE OR LESS AGREED THAT PART OF CONCERN WAS IMPORTANCE OF MEASURES TO SUPPORT PRICE LEVELS AND NOT CLEAR HOW OUR RESERVE IDEA WOULD DEAL WITH THIS QUESTION.

7. ONE OF REASONS HE GAVE FOR NOT WISHING PROCEED NOW WAS DIFFICULTY HE FORESAW IN GETTING EC COUNTRIES TO AGREE ON SHARING FINANCING OF RESERVES. I SAID COULD UNDERSTAND PROBLEM, BUT SHARING CAP COSTS FAR BIGGER PROBLEM AND WOULD HAVE TO FACE SOONER OR LATER IF WISHED ASSURED SUPPLY AS IN LIMITED OFFICIAL USE

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ABSENCE OF SCHEME US UNLIKELY HOLD STOCKS TO WHICH THEY COULD TURN. THE RISKS WERE THEIRS.

8. HE ASKED IF WE WOULD GO AHEAD WITHOUT THE SOVIETS. I SAID WE HAD NO CONCLUSION BUT WE WERE STUDYING POSSIBILITY OF DISCRIMINATING AS TO ACCESS AGAINST COUNTRIES WHO SHOULD PARTICIPATE BUT WHO DO NOT, WHOEVER THEY MIGHT BE.

9. HE THEN ASKED IF WE PLANNED PROPOSE A RESERVE SCHEME AT WFC. I POINTED OUT THAT PRESIDENT FORD AND SECRETARY KISSINGER HAD JUST ANNOUNCED THAT WE WOULD PRESENT SOMETHING ON THIS SUBJECT. THIS IMPRESSED HIM. AFTER SAYING WE HAD MADE NO FINAL DECISION ON CONNECTION OF NEGOTIATIONS WITH MTN THOUGH WE COULD SEE LOGIC IN IT, I ASKED IF HE THOUGHT EC COULD AGREE AT WFC THAT QUOTE NEGOTIATION ON GRAIN RESERVES WOULD TAKE PLACE IN MTN UNQUOTE, WITHOUT GOING BEYOND THAT. HE THOUGHT THAT MIGHT BE POSSIBLE THOUGH I SUSPECT HE WOULD TRY TO ADD REFERENCES TO PRICE AND PRODUCTION MANAGEMENT AS OBJECTIVES. I SAID I WOULD SEEK VIEWS OF WASHINGTON.
BEAUDRY

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